# SAN FRANCISCO HOUSING POLICY DISCUSSION, PART 1

**Equity and Inclusivity & Long Range Planning**

*Great planning for a great city.*

**San Francisco Planning**

# AGENDA

*"We expect too much of new buildings, and too little of ourselves."*

*- Jane Jacobs*

**San Francisco Planning**
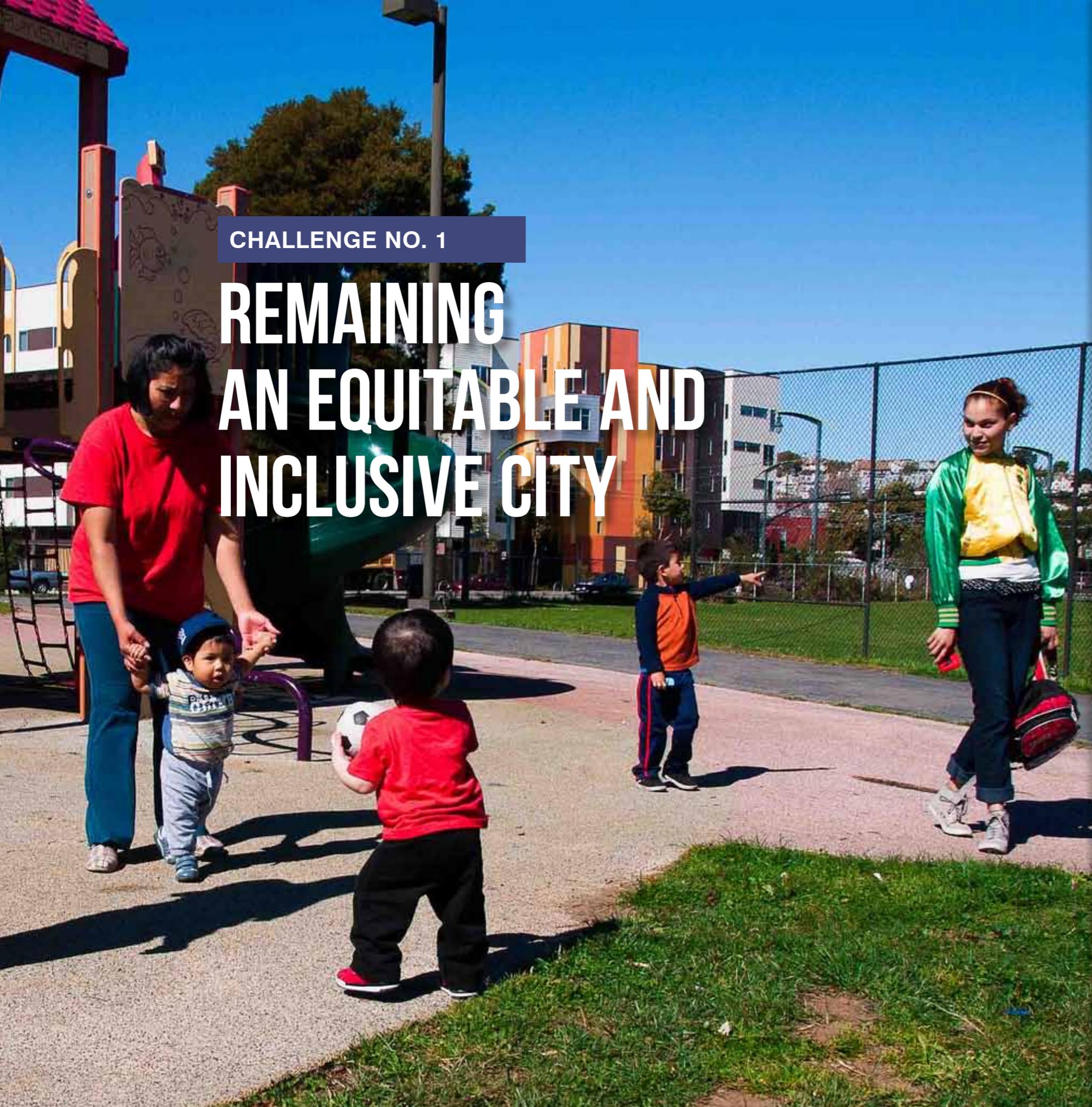
**CHALLENGE NO. 1**

# REMAINING AN EQUITABLE AND INCLUSIVE CITY

Retaining families and people of all incomes and walks of life is our overriding issue. Housing prices and rents are now the highest of any major city in the country. We are experiencing displacement of low income residents to other parts of the Bay Area and beyond. If this continues will San Francisco be able to retain its soul?

Aggressive actions are needed to assure:

**Affordable housing in all neighborhoods.**

**Access to parks and community places in every neighborhood.**

**Equitable access to public transportation.**

**Retention of living wage jobs for those without higher education.**

**Enhanced job training and job readiness.**

## EQUITABLE AND INCLUSIVE

AFFORDABLE HOUSING POLICY IMPLEMENTATION.

"PDR" PROTECTIONS.

JOINT PLANNING WITH SAN FRANCISCO UNIFIED SCHOOL DISTRICT (SFUSD).

# THE DYNAMICS OF THE SF BAY AREA ECONOMY

Emergence as a global hub of technology and innovation

High job growth and housing demand, particularly for high income

Preference for core locations (millennials and baby boomers)

Displacement effects and erosion of affordable housing stock

Need for local solutions **and** regional policy/coordination

# WHAT KIND OF CITY SHALL WE BECOME IN THE COMING DECADES?

The "Manhattan" of a growing metropolitan area?

OR

A diverse city within a polycentric region?

# ROLE OF THE PLANNING COMMISSION

Housing policy - framing city programs and setting goals

Regulation - PDR, TSF, affordable BMRs, ADU policy

Project approvals/conditions

Monitoring and evaluation

# WHO ARE WE AS A CITY?

## Geographical Center of Region

Greatest job density with 14% of the jobs in the region

Transportation hub of the region



## Growing Population

One of the fastest growing populations in Bay Area

Population is projected to increase by 20% by 2030



## Workers with Various Incomes

Can the people that work in the city afford to live in the city?

What AMI do various workers make?



## Changing Demographics

Age of our population is shifting

Some minority populations are leaving the city

# GEOGRAPHIC CENTER
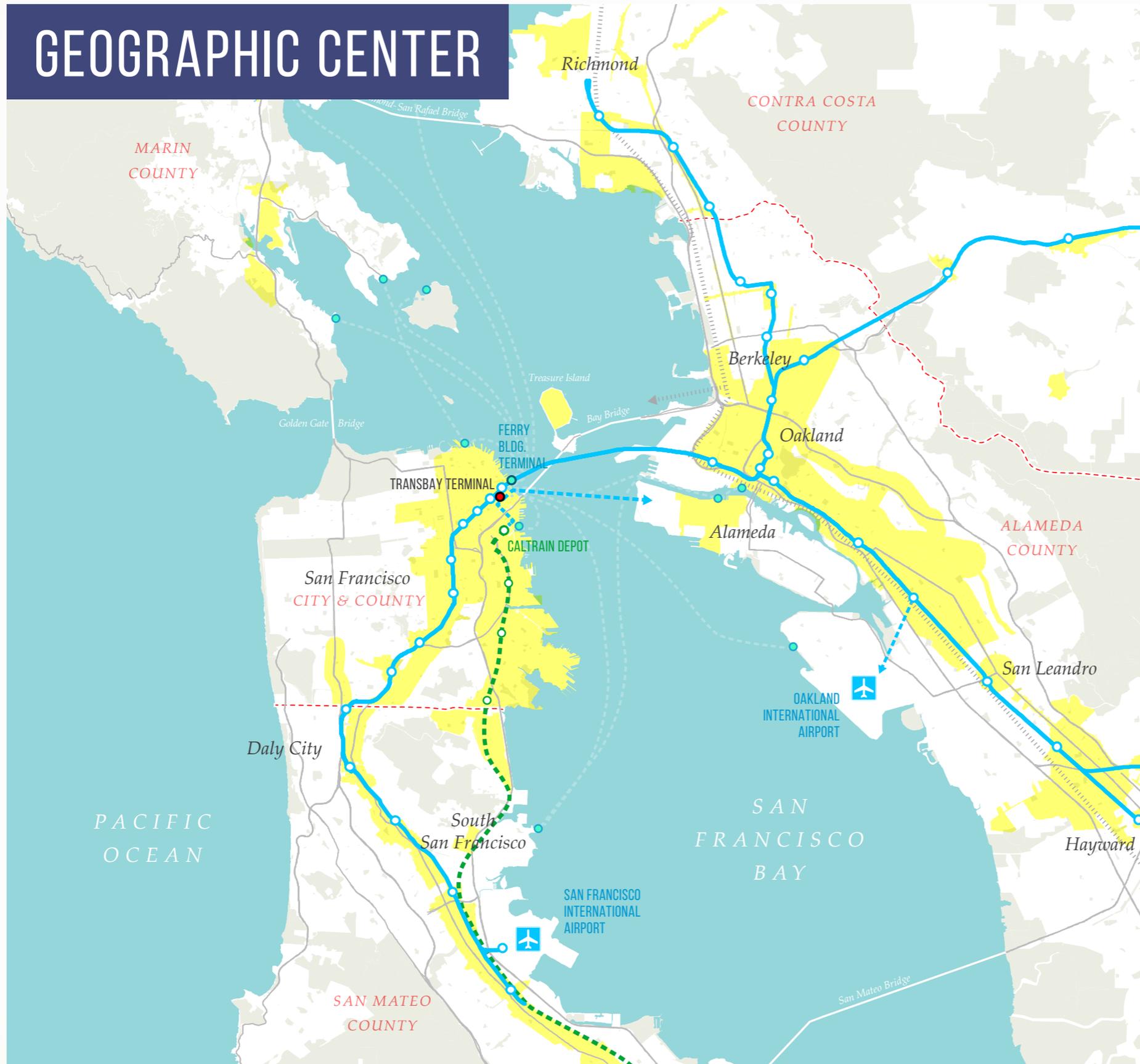


**The Priority Development Areas (PDA), shown in yellow demonstrate where the region has planned for growth in jobs and Housing.**

**San Francisco has planned for 413,370 households and 707,670 jobs by 2030.**

**Other counties in the region have planned for a combined total of 3.2 million and 4.2 million, respectively, by 2030.**

# WORKER INCOMES, 2012 - 2020 JOB OPENINGS

**EXTREMELY LOW INCOME (UP TO 30% AMI)**

$16,300 - $24,450

WAITRESSES & WAITERS

PERSONAL CARE AIDS

**LOW INCOME (31% TO 80% AMI)**

$24,451 - $65,200

RETAIL SALESPERSON

CONSTRUCTION LABORERS

OFFICE CLERKS, GEN.

**MODERATE INCOME (81% TO 120% AMI)**

$65,201 - $97,800

ELEMENTRY SCHOOL TEACHERS
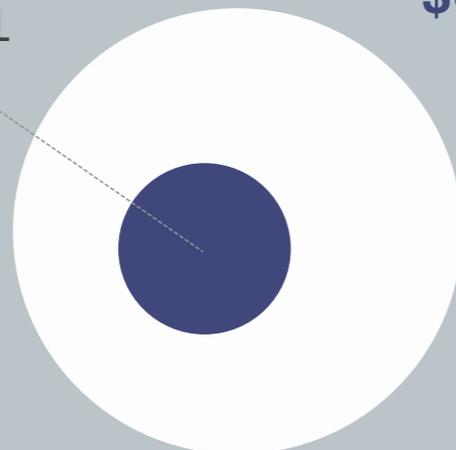
**MARKET-RATE (ABOVE 120% AMI)**

$97,801 and above
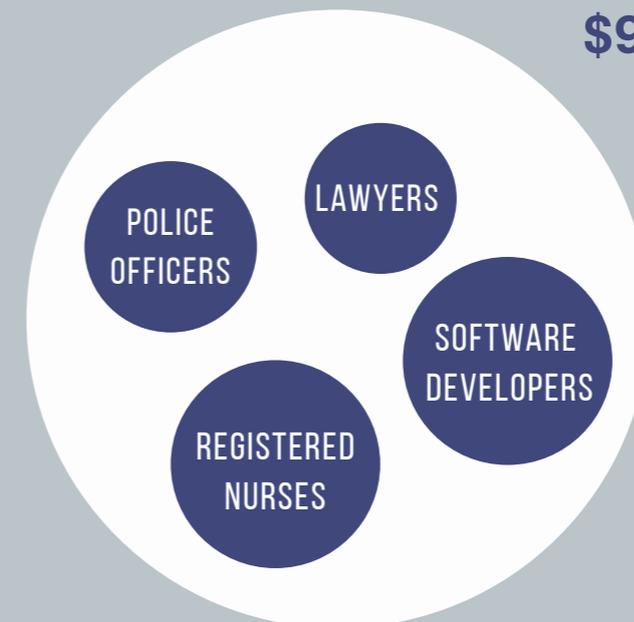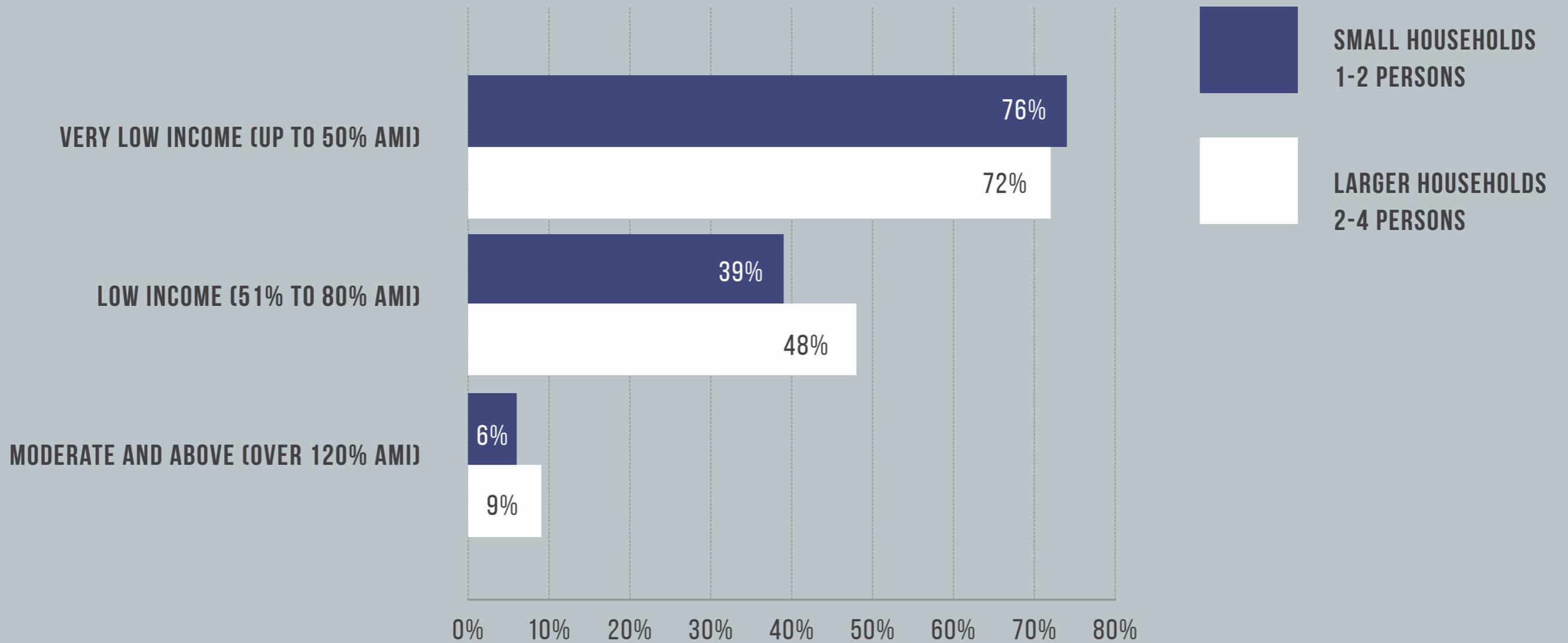
POLICE OFFICERS

LAWYERS

SOFTWARE DEVELOPERS

REGISTERED NURSES
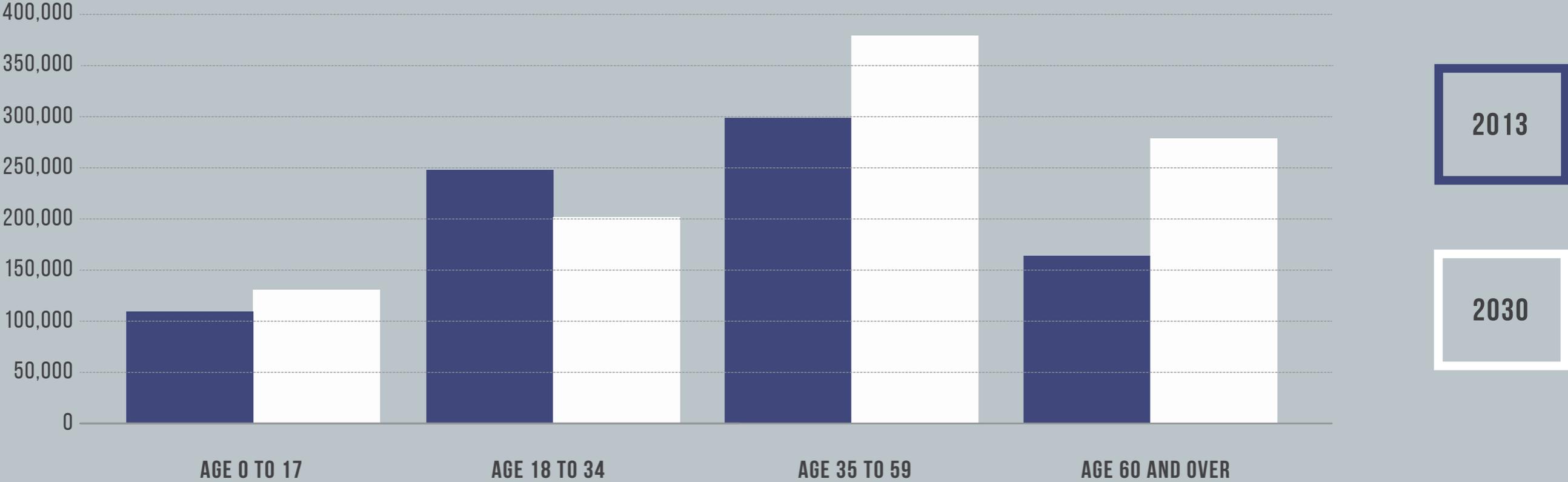
# CHANGING DEMOGRAPHICS: VULNERABILITIES

**Changes in Race/Ethnicity**

**Rate of Change**

| | |
|---|---|
| **White** | **+ 2%** |
| **Black** | **- 23%** |
| **Asian** | **+ 3%** |
| **Other Non-White** | **- 1%** |
| **Hispanic Origin** | **+ 7%** |

Legend:
- WHITE
- BLACK
- ASIAN
- OTHER NON-WHITE
- HISPANIC ORIGIN
- NON-HISPANIC ORIGIN

**2000**

14%
16%
26%
50%
8%

**2013**

15%
16%
27%
51%
6%
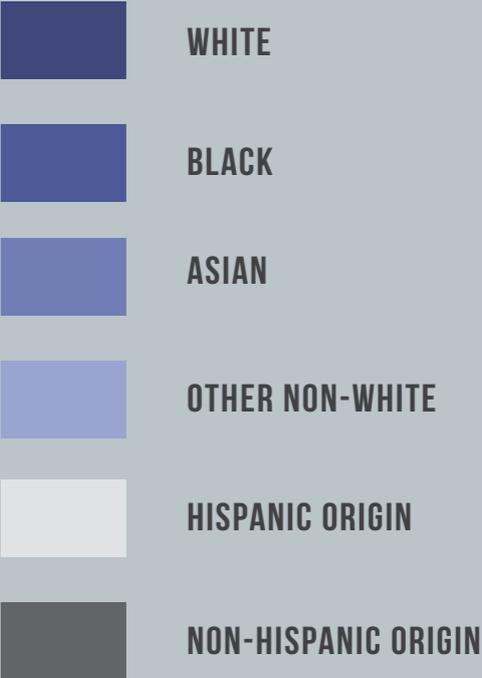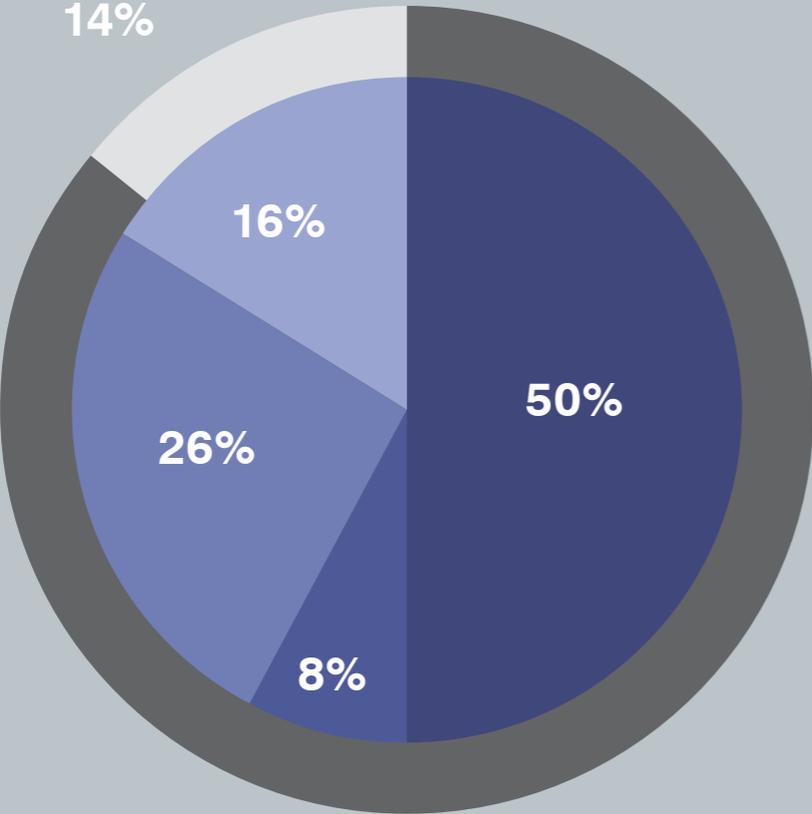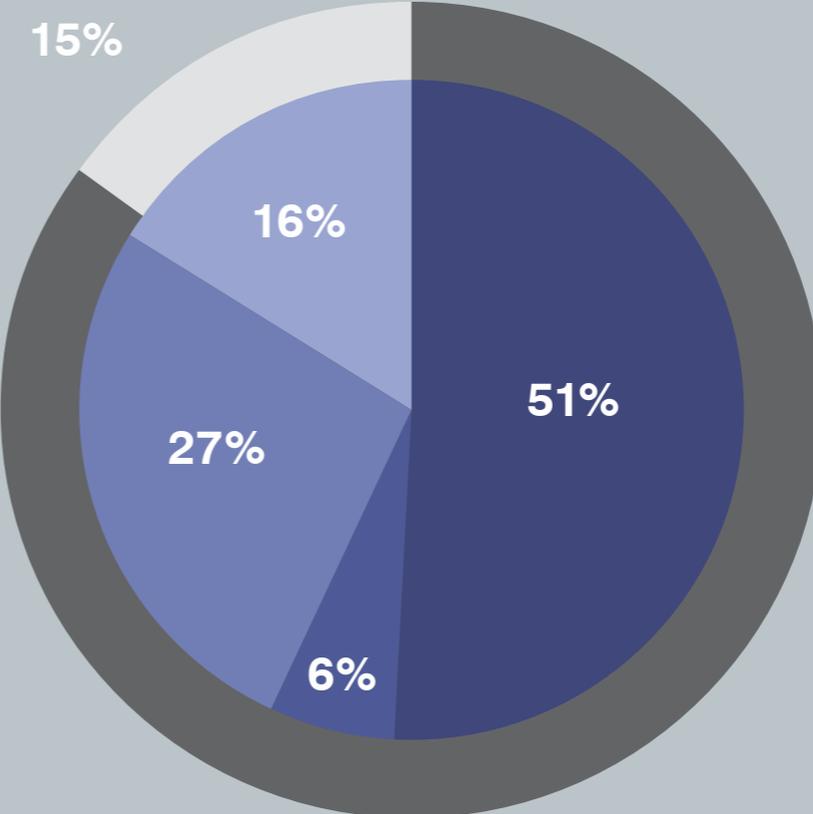
# WHO DO WE WANT TO BE?
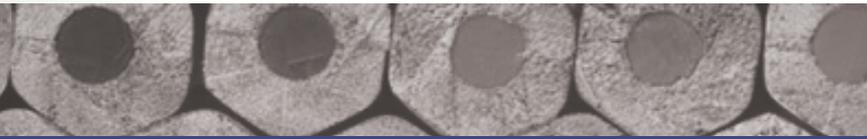


EQUITABLE
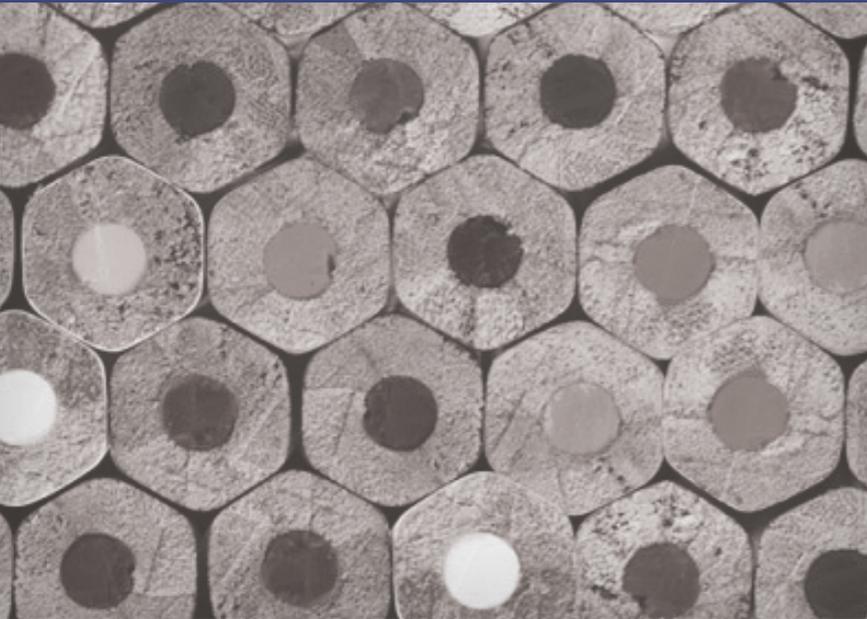
DIVERSE

INCLUSIVE

SAN FRANCISCO HOUSING STOCK

NON RENT CONTROLLED RENTAL

9%

RENT CONTROLLED
46%

OWNER-OCCUPIED
36%

PUBLICLY SUBSIDIZED RENTAL
8%

BMR OWNER-OCCUPIED    1%

NON RENT CONTROLLED RENTAL UNITS

OWNER-OCCUPIED UNITS

PUBLICLY SUBSIDIZED RENTAL UNITS

BMR OWNER UNITS
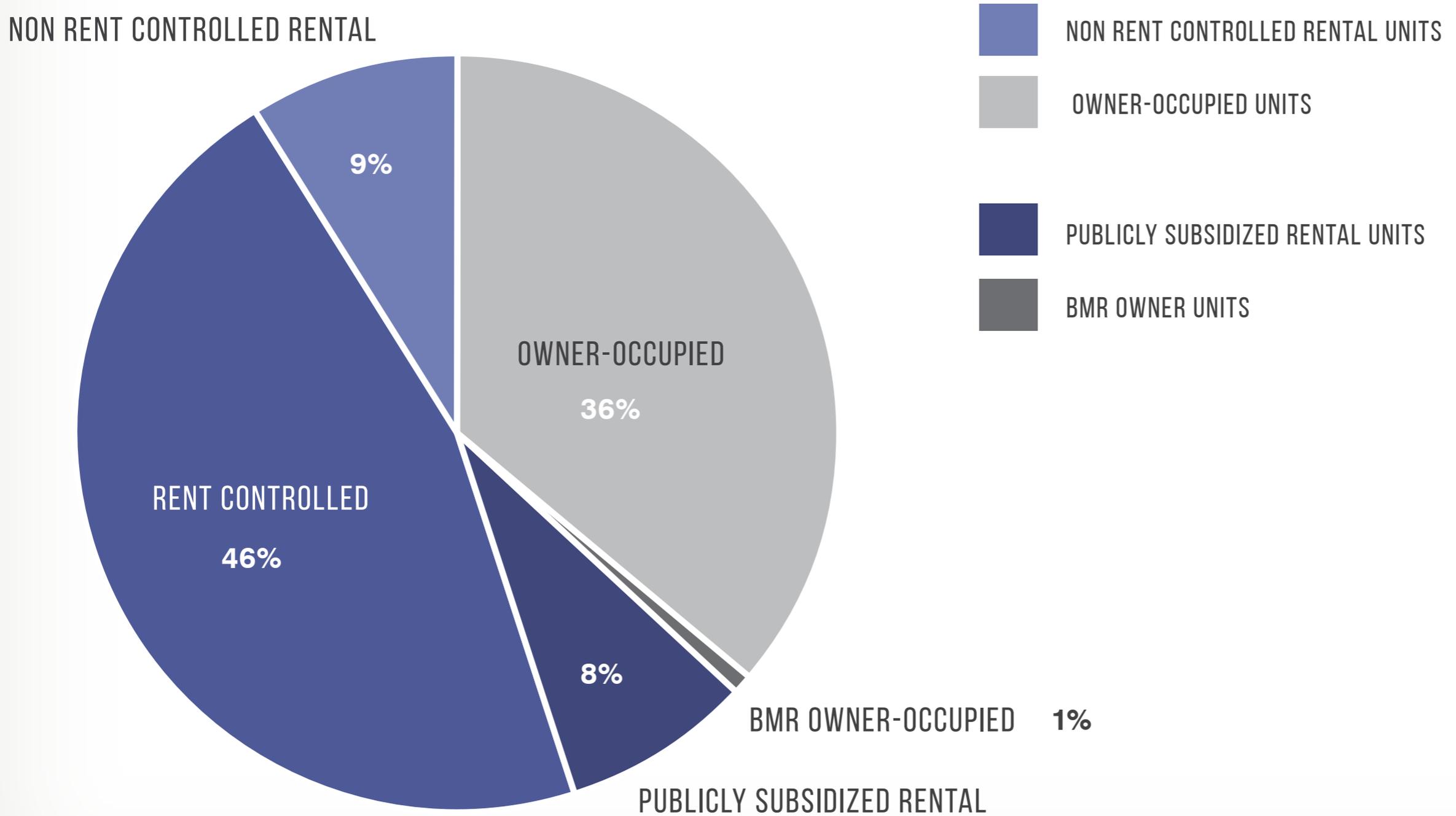
# Trends in San Francisco Housing Affordability Since 2010

Ted Egan, Ph.D.

Chief Economist, Office of Economic Analysis

April 3rd, 2015

Stagnant Supply and Rising Demand Have led San Francisco's Housing Prices to Rise 40% since 2011
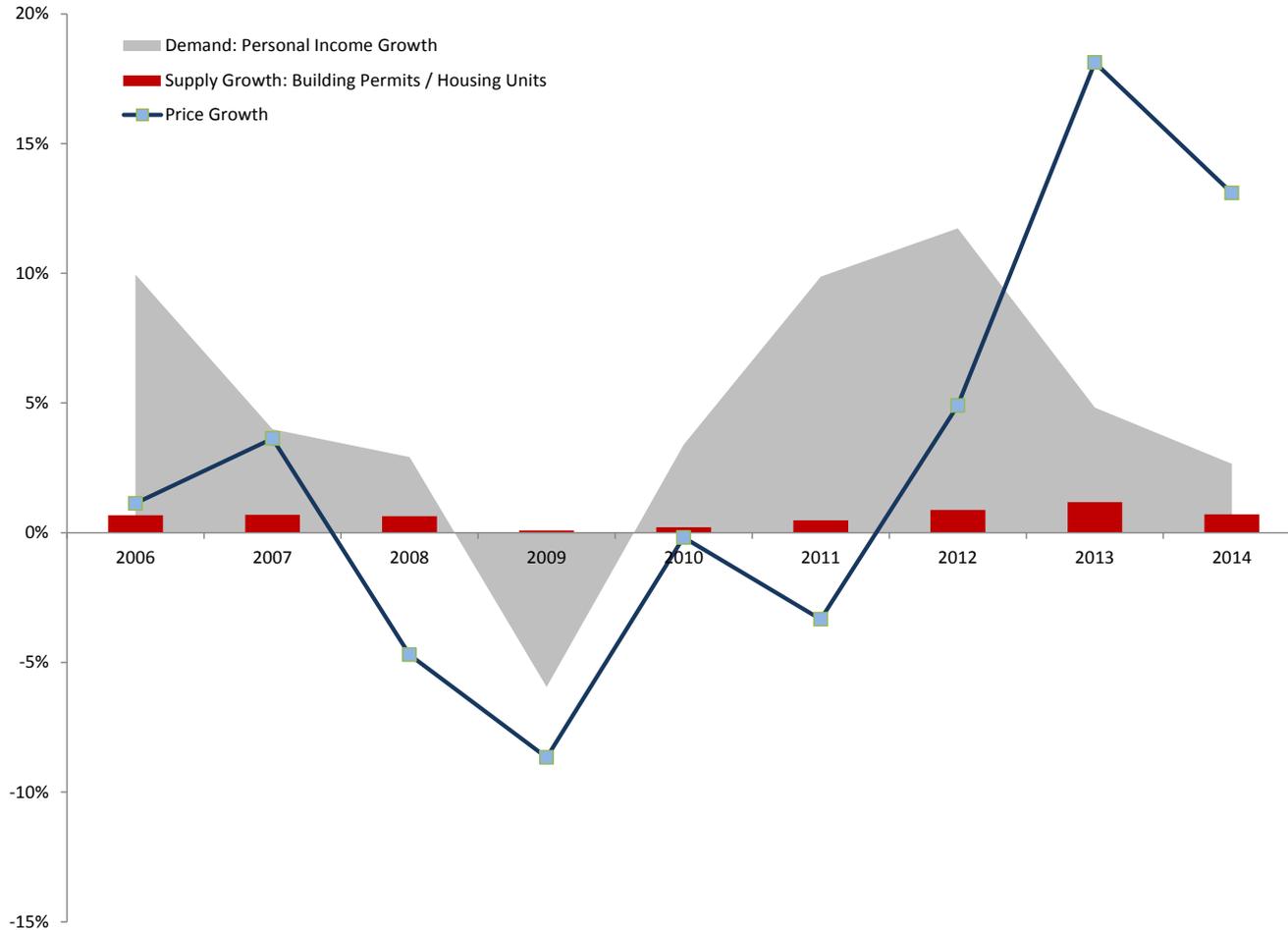
Source: HUD, Census, BEA/Moody's, Zillow

City and County of San Francisco

Office of the Controller – Office of Economic Analysis

## Implication #1: More People Move Out – Income is a Factor

- From 2011-13, an average of 60,000 people a year moved out of San Francisco. 63% of them were members of low or very-low income households.
- On average, 12.3% of low/very-low income people with a job moved out each year, while only 5.8% of higher income employed people moved out.
- Adjusting for other demographic factors, income appears to be a significant contributor to whether an individual has moved out of San Francisco this decade.

## Implication #2: Low Income Households Remaining in the City Spend Almost Half Their Income on Housing

- About 95,000 households in San Francisco's labor force make 80% of area median income or less.
- Although 75%-85% of the city's rental housing is subject to rent control, housing remains unaffordable.
- Low income households spend, on average, 46% of their income on housing. The HUD affordability target is 30%.
- The difference is over $6,000 per year per household, or nearly $600 million in total.

# How Affordable Housing Helps Affordability

- Affordable housing provides a direct subsidy to households that get a new affordable unit. Generally, they are required to pay 30% of their income on housing (instead of 46%).

- *Secondly*, affordable housing creates an indirect price effect for *all* low-income households – more affordable hosuing means less competition at the low end of the private market.

- *However,* if market-rate supply does not keep up with demand from moderate and upper income households, they will drive up prices at the low end, eroding the price benefit to low income households.

- Given past trends on demand growth from moderate and upper income households, we can estimate the impact on affordability of any annual combination of affordable and market-rate production, shown on the next page.

- Past production has not reached the "breakeven line", but the 2015-22 Housing Element plans for a greater level of production. If we achieve that, affordability should start to improve.

Market Rate and Affordable Production:
Impact on Low Income Housing Affordability

City and County of San Francisco

Office of the Controller – Office of Economic Analysis

**Annual Production Affordability "Break-Even"
with Historic and Planned Affordable and Market-Rate Production**

Annual Affordable Housing Housing Production (<80% AMI)

Annual Market Rate Housing Production

Housing Element, 2015-22

Any annual combination of market-rate and affordable production on this side of the line makes low-income affordability better.

Any point on this side makes it worse.

2013

2010

2012

2011

Source: Planning Department, Controller's Office calculations.

**This . . . Depends on Our Goals**

# POLICY FRAMEWORK: HOUSING ELEMENT

Adequate Sites

Conserve and Improve Existing Stock

Equal Housing Opportunities

Facilitate Permanently Affordable Housing

Remove Constraints to Housing Construction/Rehabilitation

Maintain the Unique & Diverse Character of SF Neighborhoods

Balance Housing Construction with Community Infrastructure

Prioritizing Sustainable Development

# AFFORDABLE HOUSING POLICY FRAMEWORK
## BROOKINGS INSTITUTE, 70 YEARS OF POLICY AND PRACTICE

**Preserving and Expanding the Supply of Good Quality Housing Units**

**Making Existing Housing Affordable and Available**

**Promoting Racial and Economic Diversity**

**Helping Households Build Wealth**

**Strengthening Families**

**Linking Housing With Essential Supportive Services**

**Promoting Balanced Metropolitan Growth**

**Understand our existing housing stock.**

**Create housing goals for the entire housing stock, as well as new housing.**

**Encourage flexibility in housing stock, through design and use.**

**Engage our regional partners.**

# DISCUSSION QUESTIONS

Data helps us understand the context – how can we grow our understanding of the existing housing stock?

Can we better accomplish goals if we take a regional perspective on planning for housing?

How could our housing goals interface with the Citywide work program?